

**Part-Time Temporary Position Pro-Rata Benefits Study**  
**Executive Summary**  
**October 28, 1999**

**Statement of Purpose**

Pursuant to State mandate, organizations that participate in the NC Local Government Retirement System must provide retirement benefits to individuals who work at least 20 hours per week, on a consistent basis, throughout any given calendar year.

**Methodology**

- identification of the number of part-time, roster, and seasonal employees potentially qualifying for pro-rata employee benefits in the organization given the established criteria;
- determination of what the potential benefits package components might include;
- the financial impact (cost) of those benefits to the organization;
- implementation target date is April 1, 2000; however, it is imperative that we have final decisions in place by January 1, 2000 in order to coordinate the benefits components as well as feed into the budget process for FY 2000-01.

**Findings**

**Positions Identified After Departmental Review:**

|              | PT         | FT        | Total      |
|--------------|------------|-----------|------------|
| PT's         | 75         | 13        | 88         |
| RP's         | 80         | 8         | 88         |
| ST's         | 7          | 3         | 10         |
| <b>Total</b> | <b>162</b> | <b>24</b> | <b>186</b> |

75 indicates the number of PT positions currently classified as PT 20 hrs. and qualifying for benefits

87 (80+7) indicates the number of RP and ST positions that should be classified as PT 20 hrs. and that qualify for benefits because these positions fit the criteria established in the mandate

24 indicates the number of PT, RP, and ST positions that were identified and which need to be reviewed to re-classify as FT positions.

Most of the positions identified reside in the General Fund, with the greatest areas of concern occurring in the following departments: **Parks & Recreation, Technology & Facilities, Coliseum** and **Water Resources**. **Parks & Recreation** has 36 additional PT positions and 6 FT positions; **Technology & Facilities** has 18 additional PT positions; **Coliseum** has 22 additional PT positions; and **Water Resources** has 2 additional PT positions and 4 additional FT positions that must be considered for benefits.

**Major Policy Issues and Concerns**

**Management's Responsibility** - Recognition of the incorrect use of RP and ST positions and some measure of accountability in the departments that have the largest number of unanticipated positions, to the extent we have been able to identify them. If we allow this misuse to continue, we will be in direct conflict with the organization's core values. The addition of the newly identified PT and FT positions presents the problem of citizen/council perceptions that positions are simply added in an indiscriminate fashion. This also has negative impact on future position requests across the entire organization.

**Funding Responsibility-** While we attempt to offer various funding options, there is the issue of whether each department will cover the expense of providing additional pro-rata benefits to the qualifying employees or whether the organization will simply offer "amnesty" for the way the system has allowed these newly identified positions to be used in the first place.

### **Immediate Financial Impact of Pro-Rata Benefit Package**

It has been anticipated for some time that implementation of a pro-rata benefits package would occur, therefore, funds have been budgeted (though not allocated to each department) to cover this expense.

For the 75 "legitimate" PT positions currently budgeted and consistently working at least 20 hours per week, this cost is estimated to be \$386,000. This calculation includes one-half of all components included in the current benefits package. We have also calculated the cost for the complete group of 186 positions identified, including the 75 "legitimate" positions as well as the newly identified PT 20 and FT positions. This cost stands at about \$560,000.

### **Related Issues**

- **Retroactive issues** - The greatest issue of all becomes the liability for the positions that are currently being inappropriately used as FTs and also those positions, regardless of current classification, that continuously work at least 20 hours per week, annually, that have been inappropriately working in this manner for a number of years. There may be significant additional costs to the City if we are required to participate in retroactive buy-backs. Qualified employees may be able to participate in the retirement system without the City's contribution.
- **Unidentified positions** - We fully anticipate, that despite our best efforts at identification of qualifying positions, some employees will "come out of the woodwork" to be included in the implementation of a benefits package. We must address a cut-off date for enrollment and what to do with employees who come forward. Is the burden of proof on him/her to prove the 20 + hour continuous schedule, time records, etc.?
- **Monitoring issues** - If the department cannot fund additional benefit costs through re-allocation of funds, we have proposed that those positions be used appropriately as originally classified (as either PT less than 20 hrs, RP, or ST). A time limit may possibly be set on positions. For instance, we may have to cap a position out at 1000 hours per year (approx. 20 hrs./week, annually). A question arises as to who will be responsible for monitoring this situation and what the penalty will be for continued violations.

### **Suggested Implementation Options & Strategies**

- Implement a full pro-rata benefits package for the 75 "legitimate" PT positions currently in the system.
- Departments would have to go through the regular budget process for all unanticipated, newly identified PT and FT positions.
- Newly identified positions (87 PT and 24 FT) will go to a pro-rata benefits status as of April 1, 2000, but justification would be required as noted above. Effective July 1, any remaining unjustified positions would be considered as overhires and funding would not be included in a department's budget.

### **Additional Options for Implementing Pro-Rata Benefits**

- The remaining 87 PT positions identified as qualifying under the mandate criteria **will not** require additional justification, but the departments will be expected to come up with the additional cost of the benefits in order to keep the positions at a PT 20 status. If the department cannot fund this, the position will have to be used appropriately as originally budgeted, i.e. RP or ST.
- Departments may opt to trade newly identified positions (either PT or FT) with current vacancies **without** additional position justification on a one-for-one basis.
- Fully fund newly identified positions, but revert back to original classification upon vacancy.
- Departments have to absorb additional costs above the planned levels. If a department cannot fund the additional costs, we recommend either a hiring freeze or use of attrition to offset the additional funding needed.
- Implement the full benefits package for all 162 PT positions identified, including the inappropriate violations within the RP and ST categories with full "amnesty" for position type violations. The proposed FT positions will need to go through the regular budget process, including, at this time, the manager's office. The additional PT's will not require additional justification.
- Phased implementation with the first phase being for **only** the mandated pension participation portion; the second phase to include the non-pay type components a package might include: i.e. annual and sick leave; and the third phase to incorporate various insurance benefits.